

Auditor-Controller

Katherine Martinis, Auditor-Controller

MISSION STATEMENT

To maintain the financial integrity of the County by providing county departments, special districts, and the citizens of Placer County with clear, accurate and responsive accounting and auditing services and by providing an environment that promotes the safeguarding of county assets.

Appropriation	Actual 2005-06	Position Allocations	BOS Adopted 2006-07	Position Allocations
Auditor-Controller	\$ 3,580,526	44	\$ 4,394,711	45
Debt Service	2,037,996	0	3,438,026	0
Total:	<u>\$ 5,618,522</u>	<u>44</u>	<u>\$ 7,832,737</u>	<u>45</u>

CORE FUNCTIONS

Auditor-Controller

To enhance the public's trust by acting as guardian of funds administered for the County, cities, schools and special districts, and provide an independent source of financial information and analysis.

Debt Service

To provide funding for repayment of long-term lease and bond payment obligations, as well as the associated costs for the administering trustee bank and for required annual disclosure statements.

FY 2005-06 Major Accomplishments

- Continued to calculate and distribute property taxes timely and accurately while implementing ongoing legislative changes efficiently and correctly.
- Completed County Facility Payment (CFP) forms for 12 court facilities to determine the County's on-going financial obligation after transfer of facilities to the state.
- Continued to refine and streamline the newly implemented ACORN system.
- Upgraded and enhanced the functionality of the Performance Accounting System (PAS), including enhancements to journal entry and voucher payable interfaces, increased functionality for project and grant analyzer functions, improved financial reporting, and vendor confidentiality related to the Health Insurance Portability and Accountability Act (HIPAA).
- Awarded Government Finance Officers Association's (GFOA) Certificate of Excellence for fifth consecutive year.
- Centralized the preparation of the Comprehensive Annual Financial Report (CAFR), Cost Allocation Plan, and State-Controller Reports, in order to realize greater efficiencies.
- Published and distributed the first annual Citizen's Report to county residents.
- Issued first external audit reports in accordance with standards established by the American Institute of Certified Public Accountants.

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- Continued countywide training related to PAS, Automated County Online Resource Network (ACORN), and accounting and auditing standards.
- Worked collaboratively with departments to identify operational efficiencies.
- Received State Controller's award for Achieving Excellence in Financial Reporting.

FY 2006-07 Planned Accomplishments

- Continue to calculate and distribute property taxes timely and accurately while implementing ongoing legislative changes efficiently and correctly.
- Continue to strive for excellence in all aspects of financial reporting.
- Continue to manage and support staffing and training for the succession planning in the property tax area.
- Continue to create and maintain documentation in the technical solutions area in conjunction with refining our disaster recovery plans.
- Publish and distribute the 2006 Citizen's Report to county residents.
- Perform a complete risk assessment of the County and develop a comprehensive audit plan for future years.
- In conjunction with County Executive, Treasurer and Personnel, formulate strategies and policies to address the full range of issues related to OPEB (Other Post Employment Benefits).
- Update the Internal Audit Policies and Procedures Manual.
- Continue to provide countywide training related to PAS, ACORN, and accounting and auditing standards.

Department Comments

Our focus continues to be to provide quality professional services to our customers. We have been successful in raising the level of professionalism in this office, as evidenced by receipt of both the Government Finance Officer's and the State Controller's awards for financial reporting. We have also experienced success in our goal to be a resource to county departments. Requests for assistance have increased dramatically, particularly in the areas of audits, reporting and training. Significant challenges in the upcoming years will strain our ability to provide quality services going forward. The biggest challenge is the ever-increasing workload due to the growing complexity of legislative mandates in the property tax and financial reporting arenas, coupled with increasing requests for services from county departments, special districts and outside agencies. At the same time, succession-planning efforts are critical to the on-going effectiveness of operations. Dealing with these issues within the budgetary constraints will always be a challenge but one which we are committed to meeting.

County Executive Comments and Recommendations

Salary and benefit funding is provided for 44 position allocations. New funding has been added for production of the Auditor-Controller's Citizen Report (\$11,500), records storage costs (\$25,500), 8 computer upgrades and purchase of 1 new laptop (\$15,000), and the purchase and maintenance of a new check-stuffing machine (\$10,142). Expenditures in other areas were nominally reduced, resulting in an overall increase of \$38,158 for services and supplies. The Auditor-Controller receives revenues for services, tax administration, and reimbursements from the Countywide Systems Fund for payroll-system maintenance. The department's net budget has increased \$231,538 from the previous year, which is offset by projected FY 2006-07 revenue increases of \$71,528. The department's net county cost is \$160,010 higher than the previous year.

Administration & Financial Services

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Department requested funding considerations for final budget:

- Accountant / auditor II allocation (\$82,308)

The purpose of the *Debt Service Fund* is to centralize the repayment of principal and interest payments to pay off debt incurred by issue of Certificate of Participation (COP) and associated administrative functions. The original COP's financed a total of \$28.2 million dollars of capital improvements: \$13.2 million for the Juvenile Detention/Jail Kitchen and \$15 million for the Administration/Emergency Services Building. The FY 2006-07 estimated expenditures consist of administrative fees by the trustee, County distributed costs, and principal and interest payments for the two projects. Payments for principal and interest will total \$2,018,533. Costs for trustee administration, disclosure statements and PAS costs will total \$19,493. The FY 2006-07 requested budget is decreased by \$3,988 due to lower interest payments and lower A87 costs offsetting higher administration and principal payment costs than the previous year.

Final Budget Changes from the Proposed Budget

The *Auditor-Controller's* final budget added funding and a position allocation for an accountant auditor (\$82,308), and an increase for PeopleSoft (ACORN) consulting services (\$130,000) offset by reimbursement from the Countywide Systems Fund.

The *Debt Service Fund* provided excess carryover fund balance to the reserve account, Designation for Future Occurrences (\$6,607).

AUDITOR-CONTROLLER FUND 100 / 10250

	Actual 2004-05	Actual 2005-06	Requested 2006-07	Recommended 2006-07	Change %	Adopted 2006-07
Expenditures						
Salaries and Employee Benefits	\$ 3,298,044	\$ 3,321,878	\$ 3,896,016	\$ 3,813,708	15%	\$ 3,896,016
Services and Supplies	345,118	411,398	480,578	480,578	17%	610,578
Capital Assets	6,017	-	8,000	8,000	100%	8,000
Intra Fund Charges	3,137	18,643	3,000	3,000	-84%	3,000
Gross Budget:	3,652,316	3,751,919	4,387,594	4,305,286	15%	4,517,594
Intra Fund Credits	(166,669)	(171,393)	(122,883)	(122,883)	-28%	(122,883)
Net Budget:	\$ 3,485,647	\$ 3,580,526	\$ 4,264,711	\$ 4,182,403	17%	\$ 4,394,711
Revenue						
Revenue from Use of Money and Property	\$ 162	\$ 40	\$ -	\$ -	-100%	\$ -
Intergovernmental Revenue	-	8,874	2,000	2,000	-77%	2,000
Charges for Services	1,012,013	1,142,343	1,069,728	1,069,728	-6%	1,069,728
Miscellaneous Revenue	406	2,596	-	-	-100%	-
Other Financing Sources	-	44,578	49,000	49,000	10%	179,000
Total Revenue:	1,012,581	1,198,431	1,120,728	1,120,728	-6%	1,250,728
Net County Cost:	\$ 2,473,066	\$ 2,382,095	\$ 3,143,983	\$ 3,061,675	29%	\$ 3,143,983
Allocated Positions	44	0	45	44	100%	45

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CORE FUNCTION: AUDITOR-CONTROLLER

General Accounting Program

Program Purpose: To audit all claims for payments submitted by county departments and special districts, to process payments for the County and special districts, and to ensure that bills are paid accurately on time.

Total Expenditures: \$1,464,756

Total Staffing: 15.0

- Key Intended Outcome: Accurate and timely payment of county obligations.

Accounts Payable Indicators:	Actual 2003-04	Actual 2004-05	Actual 2005-06	Projected 2006-07
# of vendor payments issued	64,215	60,905	66,619	65,000
\$ cost per vendor payment issued	\$12.18	\$12.22	\$13.44	\$14.00
# / % of vendor payments reissued due to error	122 / .19%	116 / .19%	47 / .10%	0 / 0%
# / % of 1099 reissued due to error	0 / 0%	3 / 0%	0 / 0%	0 / 0%

Program Comments: To disclose cost to produce payable warrants. Costs reflect process of vendoring, payable document processing, wire transfers, imaging, scanning, printing, stuffing, distribution and reconciliation.

Financial Reporting Program

Program Purpose: To maintain accounting records for the County and those districts that keeps funds in the County treasury and to prepare various reports for the public, Board of Supervisors, State of California, county departments, and special districts in order to provide assurance that the financial position and results of operations are presented fairly and accurately. To prepare the financial statements of the County and other governmental units for the external auditors.

Total Expenditures: \$760,881

Total Staffing: 8.0

- Key Intended Outcome: Fair, accurate and timely presentation of financial information.

Financial Reporting Indicators:	Actual 2003-04	Actual 2004-05	Actual 2005-06	Projected 2006-07
# of financial statements prepared	N/A	9	8	8
# of management comments	2	0	0	0
Issue State Controller's Report timely	Yes	Yes	Yes	Yes
Clean audit opinion of the CAFR from the external CPA firm	Yes	Yes	Yes	Yes
Receipt of the GFOA Certificate of Achievement Award	Yes	Yes	Yes	Yes

Program Comments: To improve the quality and accessibility of the County's financial information for the public.

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Internal Audit Program

Program Purpose: To act as an independent appraisal function as a service to the County, Board of Supervisors, and the public. The primary vision of internal audits is to perform independent audits, reviews and evaluations of significant county activities and to assist county management to improve efficiency and effectiveness of programs and functions, to safeguard county assets, and to meet financial reporting requirements.

Total Expenditures: \$516,791

Total Staffing: 5.0

- **Key Intended Outcome:** Ensure compliance with policies, and procedures, laws and regulations and to safeguard county assets from fraud or abuse.

Internal Audit Indicators:	Actual 2003-04	Actual 2004-05	Actual 2005-06	Projected 2006-07
# of audits performed / # of reports issued	4 / 4	23 / 23	35 / 17	40 / 40
# of internal control deficiencies identified or recommendations made	5	62	74	65
\$ cost savings/revenue enhancements identified	\$102,000	\$94,000	\$7,539	\$50,000

Program Comments: Maximize county revenues and strengthen fiscal operations to generate cost savings / revenue enhancements from the implementation of audit recommendations. Conduct operational, department, and financial audits to assist departments identify cost effective and/or efficient business strategies, as well as the conservation of tax dollars.

Payroll Services Program

Program Purpose: To provide timely and accurate preparation, distribution and reporting of payroll to county departments and special districts in order to ensure accurate paychecks and compliance with reporting requirements.

Total Expenditures: \$1,097,753

Total Staffing: 11.0

- **Key Intended Outcome:** Accurate paychecks and compliance with state and federal reporting requirements.

Payroll Services Indicators:	Actual 2003-04	Actual 2004-05	Actual 2005-06	Projected 2006-07
# / % of W2s reissued due to errors	2 / 0%	3 / 0%	2 / 0%	0 / 0%
# / % of payroll check re-issued due to errors	0 / 0%	47 / 0%	70 / 0%	0 / 0%
# of payroll checks issued	76,582	75,200	79,109	78,000
\$ cost per payroll check issued	\$15.65	\$13.88	\$12.97	\$14.07

Program Comments: To disclose costs to produce payroll warrants. Costs per warrant reflect the costs of implementing the new payroll system. Costs per warrant should decrease over time as the new system becomes fully operational.

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Property Tax Services Program

Program Purpose: To calculate property tax rates, apply direct charges and process changes to the property tax roll. To maintain the tax allocation systems in order to accurately calculate and distribute property tax revenue to the County, cities, schools and special districts.

Total Expenditures: \$547,413

Total Staffing: 6.0

- **Key Intended Outcome:** Property tax is distributed accurately and on time.

Property Tax Services Indicators:	Actual 2003-04	Actual 2004-05	Actual 2005-06	Projected 2006-07
# of entities receiving tax distribution	331	330	335	340
% distributed within statutorily mandated time frames	100%	100%	100%	100%
% of taxes distributed without error	100%	100%	100%	100%

Program Comments: Indicators reflect entities and distribution basis for taxes in accordance with legal requirements for the 1% tax rate entities, debt service funds, 1915 Act Bonds, Mello-Roos and other direct charges.

DEBT SERVICE FUND 190 / APPROPRIATION 89360

	Actual 2004-05	Actual 2005-06	Requested 2006-07	Recommended 2006-07	Change %	Adopted 2006-07
Expenditures						
Services and Supplies	\$ 13,128	\$ 20,220	\$ 13,843	\$ 13,843	-32%	\$ 13,843.00
Other Charges	2,007,385	2,003,375	2,018,533	3,418,533	71%	3,418,533
Intra Fund Charges	5,125	14,401	5,650	5,650	-61%	5,650
Net Budget:	<u>\$ 2,025,638</u>	<u>\$ 2,037,996</u>	<u>\$ 2,038,026</u>	<u>\$ 3,438,026</u>	69%	<u>\$ 3,438,026</u>
Revenue						
Revenue from Use of Money and Property	\$ 123,675	\$ 127,589	\$ 25,000	\$ 25,000	-80%	\$ 25,000
Other Financing Sources	1,940,225	1,917,014	2,013,026	3,413,026	78%	3,413,026
Total Revenue:	<u>2,063,929</u>	<u>2,044,603</u>	<u>2,038,026</u>	<u>3,438,026</u>	68%	<u>3,438,026</u>
Net County Cost:	<u>\$ (38,291)</u>	<u>\$ (6,607)</u>	<u>\$ -</u>	<u>\$ -</u>	-100%	<u>\$ -</u>
Allocated Positions	-	-	-	-	0%	-

In 1994, Placer County borrowed \$4.58 million from the North Lake Tahoe Public Financing Authority through a lease-purchase agreement, financed by certificates of participation, for the construction of a new jail kitchen and certain energy-conservation improvements. In February 1997, the County borrowed an additional \$15 million from the North Lake Tahoe Public Financing Authority to construct a new Administrative and Emergency Services Building. The borrowing was for 27 years with a final payment date of June 1, 2024. In June 2006, the County borrowed \$12 million from the Placer County Public Financing Agency and refinanced the 1997 administrative certificates of participation due to lower interest rates. Final payment on the refinancing is due in June 2024. In May 1998, the County borrowed \$13.2 million from the North Lake Tahoe Public Financing Authority to construct the new Juvenile Detention Facility and refinanced the 1994 jail kitchen due to lower interest rates. This new borrowing was for 27 years with the final payment due July 2025.

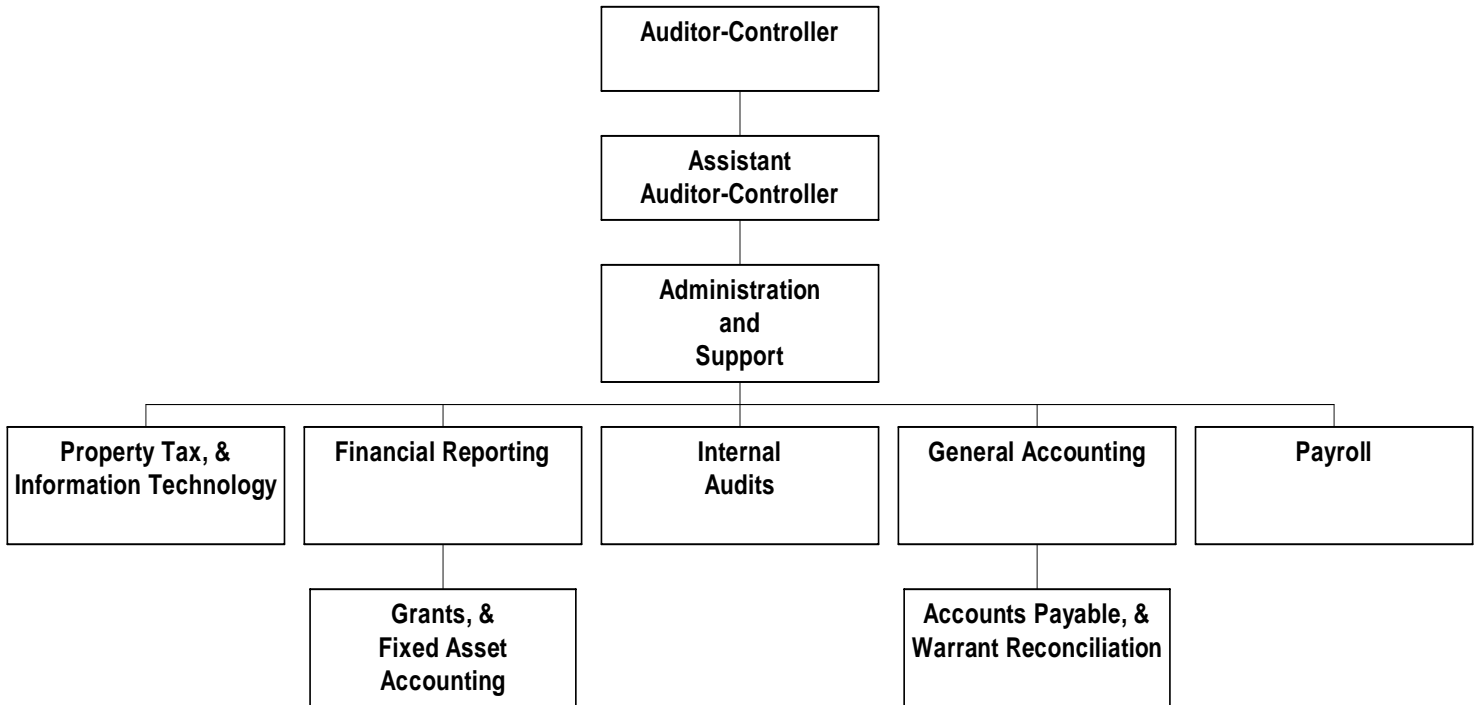
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Placer County has no outstanding general-obligation bonded debt. Certificates of Participation (COPs) funded the debt issues referenced above, and were used to construct the three county facilities indicated. COPs are lease-purchase financings that use a third party nonprofit (the North Lake Tahoe Financing Authority and the Placer County Public Financing Agency in the subject financings) as the lessor. Unlike general obligation debt, property taxes are not increased to pay the principal and interest on COPs. Instead, the lease principal and interest are paid through use of the ongoing, regular revenues of the issuer and / or with special revenues, such as certain trust funds, that may be used for capital outlay.

Revenue bonds typically finance utility-type facilities or infrastructure, such as a water-or sewage-treatment facility, and are typically repaid from pledged revenues from services, such as water or sewer fees. The County issued revenue bonds for the Eastern Regional Landfill, the repayment of which is funded from various landfill and related revenues in that budget. In addition the County has issued tobacco revenue bonds, the repayment of which is securitized with future tobacco settlement revenue streams. Also, the County has issued certain conduit and special assessment debt, which is secured directly by the underlying land and improvements.

OFFICE OF THE AUDITOR-CONTROLLER



POSITIONS: 45

OFFICE OF THE AUDITOR-CONTROLLER
APPROPRIATION SUMMARY
Fiscal Year 2006-07

ADMINISTERED BY: AUDITOR-CONTROLLER

Appropriations	FY 2005-06		FY 2006-07	
	Actual	Position Allocations	BOS Adopted Budget	Position Allocations
GENERAL FUND Auditor-Controller	\$ 3,580,526	44	\$ 4,394,711	45
OTHER OPERATING FUND Debt Service - Fund 190	2,037,996	0	3,438,026	0
TOTAL ALL FUNDS	\$ 5,618,522	44	\$ 7,832,737	45

Auditor-Controller

General Fund

Fund: 100

Subfund: 0

Appropriation: 10250

Budget Category (1)	Actual 2004-05 (2)	Actual 2005-06 (3)	Dept Req 2006-07 (4)	CEO Rec 2006-07 (5)	BOS Adopted 2006-07 (6)
Salaries & Benefits					
1001 Employee Paid Sick Leave	104				
1002 Salaries and Wages	2,259,333	2,241,636	2,583,550	2,528,638	2,583,550
1003 Extra Help	853				
1005 Overtime & Call Back	22,350	12,063	10,000	10,000	10,000
1300 P.E.R.S.	413,924	460,364	529,340	518,112	529,340
1301 F.I.C.A.	177,017	172,382	198,407	194,206	198,407
1303 Other - Post Employment Benefits		84,290	84,290	82,506	84,290
1310 Employee Group Ins	356,481	370,272	439,413	429,648	439,413
1315 Workers Comp Insurance	67,982	65,161	51,016	50,598	51,016
Total Salaries & Benefits	3,298,044	3,321,878	3,896,016	3,813,708	3,896,016
Services & Supplies					
2051 Communications - Telephone	36,309	35,515	40,000	40,000	40,000
2290 Maintenance - Equipment	10,420	7,433	15,942	15,942	15,942
2292 Maintenance - Software	10,108	17,024	9,600	9,600	9,600
2439 Membership/Dues	2,396	2,088	6,250	6,250	6,250
2456 Misc Expense	5				
2481 PC Acquisition	41,601	6,072	15,000	15,000	15,000
2511 Printing	15,470	31,195	34,000	34,000	34,000
2523 Office Supplies & Exp	62,086	55,223	50,000	50,000	50,000
2524 Postage	28,706	31,886	32,000	32,000	32,000
2555 Prof/Spec Svcs - Purchased	99,085	163,407	184,425	184,425	314,425
2556 Prof/Spec Svcs - County			25,500	25,500	25,500
2701 Publications & Legal Notices	3,564	8,216	2,500	2,500	2,500
2709 Rents & Leases - Computer SW	12,812	16,700	15,861	15,861	15,861
2840 Special Dept Expense	3,421	6,358	9,500	9,500	9,500
2844 Training	4,789	12,833	23,000	23,000	23,000
2931 Travel & Transportation	13,226	14,466	14,500	14,500	14,500
2932 Mileage		2,417	1,000	1,000	1,000
2941 County Vehicle Mileage	1,120	565	1,500	1,500	1,500
Total Services & Supplies	345,118	411,398	480,578	480,578	610,578
Fixed Assets					
4451 Equipment	6,017		8,000	8,000	8,000
Total Fixed Assets	6,017		8,000	8,000	8,000
Charges From Departments					
5290 I/T Maintenance - Equipment	33				
5405 I/T Maintenance - Bldgs & Improvem	2,403	18,643	3,000	3,000	3,000
5523 I/T Office Supplies & Expenses	48				
5552 I/T - MIS Services	553				
5844 I/T Training	100				
Total Charges From Departments	3,137	18,643	3,000	3,000	3,000
Gross Budget	3,652,316	3,751,919	4,387,594	4,305,286	4,517,594
Less: Charges to Departments					
5001 Intrafund Transfers	(5,125)	(24,001)	(27,050)	(27,050)	(27,050)
5002 I/T - County General Fund	(161,544)	(147,392)	(95,833)	(95,833)	(95,833)
Total Charges to Departments	(166,669)	(171,393)	(122,883)	(122,883)	(122,883)
Net Budget	3,485,647	3,580,526	4,264,711	4,182,403	4,394,711

Auditor-Controller

General Fund

Fund: 100

Subfund: 0

Appropriation: 10250

Budget Category (1)	Actual 2004-05 (2)	Actual 2005-06 (3)	Dept Req 2006-07 (4)	CEO Rec 2006-07 (5)	BOS Adopted 2006-07 (6)
Less: Revenues					
6951 1915 Act Bonds Interest	(162)	(40)			
7234 State Aid - Mandated Costs		(8,874)	(2,000)	(2,000)	(2,000)
8095 SB2557-Tax Admin Fee-Distri	(49,037)	(53,905)	(53,900)	(53,900)	(53,900)
8096 SB2557-Tax Admin Fee-Cities	(26,969)	(30,143)	(30,000)	(30,000)	(30,000)
8100 Assessment/Tax Collection Fee	(796,239)	(870,194)	(880,828)	(880,828)	(880,828)
8101 Supplemental Taxes - 5%	(94,146)	(117,505)	(50,000)	(50,000)	(50,000)
8113 Account/Audit Fees	(25,414)	(56,288)	(40,000)	(40,000)	(40,000)
8194 Investment Services	(19,843)	(13,803)	(15,000)	(15,000)	(15,000)
8212 Other General Reimbursement	(208)				
8218 Forms and Photocopies	(157)	(505)			
8764 Miscellaneous Revenues	(406)	(2,596)			
8954 Operating Transfers In		(44,578)	(49,000)	(49,000)	(179,000)
Total Revenues	(1,012,581)	(1,198,431)	(1,120,728)	(1,120,728)	(1,250,728)
Net County Cost	2,473,066	2,382,095	3,143,983	3,061,675	3,143,983

Other Debt Service

Debt Service Fund

Fund: 190

Subfund: 0

Appropriation: 89360

Budget Category (1)	Actual 2004-05 (2)	Actual 2005-06 (3)	Dept Req 2006-07 (4)	CEO Rec 2006-07 (5)	BOS Adopted 2006-07 (6)
Services & Supplies					
2555 Prof/Spec Svcs - Purchased	4,558	4,558	7,000	7,000	7,000
2709 Rents & Leases - Computer SW	5,920	3,503	6,810	6,810	6,810
2847 Bond Service Charges		4,664			
3551 Transfer Out A-87 Costs	2,650	7,495	33	33	33
Total Services & Supplies	13,128	20,220	13,843	13,843	13,843
Other Charges					
3810 Lease Purchase Principal	745,000	775,000	835,000	1,414,138	1,414,138
3830 Lease Purchase Interest	1,262,385	1,228,375	1,183,533	2,004,395	2,004,395
Total Other Charges	2,007,385	2,003,375	2,018,533	3,418,533	3,418,533
Charges From Departments					
5550 I/T - Administration	5,125	5,381	5,650	5,650	5,650
5555 I/T Prof/Special Services - Purchase		9,020			
Total Charges From Departments	5,125	14,401	5,650	5,650	5,650
Gross Budget	2,025,638	2,037,996	2,038,026	3,438,026	3,438,026
Net Budget	2,025,638	2,037,996	2,038,026	3,438,026	3,438,026
Less: Revenues					
6950 Interest	(123,675)	(32,120)	(25,000)	(25,000)	
6955 Interest on COPs		(95,469)			(25,000)
8764 Miscellaneous Revenues	(29)				
8780 Contributions from Other Funds	(1,940,225)	(1,917,014)	(2,013,026)	(3,413,026)	(3,413,026)
Total Revenues	(2,063,929)	(2,044,603)	(2,038,026)	(3,438,026)	(3,438,026)
Net County Cost	(38,291)	(6,607)			